

Message Text

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44

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SIL-01 IGA-01 AID-05 FRB-03 USIA-06

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 OMB-01 DODE-00

PM-04 H-02 L-03 NSC-05 PA-01 PRS-01 SS-15 /087 W

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P R 051633Z NOV 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 4011

INFO AMCONSUL GENOA

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E.O. 11652: N/A

TAGS: ELAB, BBAK, IT

SUBJECT: TORRINGTON PROBLEM

REF: GENOA 0546 AND PREVIOUS

1. EMBASSY UNDERSTANDS THAT REQUISITION ORDER BY MAYOR OF GENOA WOULD NOT, STRICTLY SPEAKING, BE AN EXPROPRIATION UNDER WHICH TITLE TO TORRINGTON EQUIPMENT IS TRANSFERRED TO A GOVERNMENTAL ENTITY. IT IS INSTEAD, AN ACQUISITION OF PLANT BY LOCAL AUTHORITY AND ENDOWS AUTHORITY WITH RIGHT TO USE PLANT, BUT WITHOUT PASSAGE OF TITLE. EFFECT OF ORDER, HOWEVER, APPEARS TO BE THE SAME AS EXPROPRIATION.

2. ALTHOUGH EMBASSY HAS NOT MADE DETAILED STUDY OF PAST REQUISITION ACTIONS, IT IS OUR UNDERSTANDING FROM DISCUSSIONS WITH CONFINDUSTRIA OFFICIALS THAT A NUMBER OF REQUISITION ORDERS IN PAST 20 YEARS HAVE BEEN ISSUED BY VARIOUS LOCAL AUTHORITIES AFFECTING FOREIGN AND DOMESTIC INVESTORS AND ALL HAVE BEEN DECLARED ILLEGAL BY REVIEWING AUTHORITIES (E.G., PREFECT, LOCAL ADMINISTRATORS). ONLY IN RAYTHEON CASE WAS ACTION TAKEN TO COURT, WHICH DETERMINED THAT REQUISITION

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ORDER WAS ILLEGAL.

3. IN VIEW OF DEVELOPMENTS REPORTED REFTEL, IT IS LIKELY EMBASSY WILL HAVE OCCASION TO DISCUSS REQUISITION WITH GOI OFFICIALS IN NEAR FUTURE. EMBASSY INTENDS FOLLOW GENERAL GUIDELINES GIVEN IN DEPARTMENT'S A-10523 DATED DECEMBER 28, 1973, ON EXPROPRIATION, STRESSING THAT USG HAS A RIGHT TO EXPECT THAT (A) TAKING OF AMERICAN PRIVATE PROPERTY WILL BE NONDISCRIMINATORY (B) IT WILL BE FOR A PUBLIC PURPOSE, AND (C) TORRINGTON WILL RECEIVE PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION. EMBASSY BELIEVES THAT IT SHOULD ALSO NOTE TO GOI THE ADVERSE CONSEQUENCES ANY REQUISITION MOVE WOULD HAVE ON THE INVESTMENT CLIMATE. IN THE PAST, US COMPANY PROBLEMS, PLANT OCCUPATIONS, ETC. IN ITALY HAVE BEEN PLAYED UP IN THE U.S. AND EUROPEAN PRESS AND A REQUISITION ORDER WOULD CERTAINLY CONTRIBUTE TO DAMPENING ALREADY VERY WEAK MOTIVATIONS FOR REINVESTMENT OR NEW US INVESTMENT IN ITALY.

4. ACTION REQUESTED: REQUEST GUIDANCE ON POSITION PARA 3 ABOVE. CALINGAERT

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Message Attributes

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Margaret P. Grafeld
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